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State of Connecticut  
SENATE

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Proposed Bill No. 346 – AAC The Transfer of Social Service Programs to Community Providers  
Senator Dan Debicella Testimony  
February 19, 2009

Good Morning Chairmen Doyle and Walker, Ranking Members Kane and Gibbons, and members of the Human Services Committee. Thank you for allowing me the opportunity to testify in favor of Senate Bill #346, *An Act Concerning The Transfer of Social Service Programs to Community Providers*.

Connecticut is currently one of only four states with a dual system of providing social services, with both state employees and non-profit community providers handling clients in almost every area of social service—whether in agencies such as DSS, DDS, or DMHAS. Most states have decided to follow one path or the other, as the duplication of services is costly and inefficient. Our bill before you today would shift all social services to community providers by 2012.

The benefits of this move would be two-fold. First, it would maintain the level of service to all our social services clients as our community providers do just as excellent a job as our state employees. Second, it would save the state hundreds of millions of dollars a year, as OFA estimates that community providers are able to provide the same services at 30-40% less than state employees. Much of this savings is in salaries, which are considerably lower in community providers than amongst our state workers.

To understand how this would work in practice, let's take the example of the Department of Developmental Services. In FY2007, DDS had budget of \$882 million serving approximately 20,000 clients. Based on the Auditors report, the breakdown of the spending is as follows:

	<b>Cost</b>	<b>Clients Served</b>	<b>Cost per Client</b>
Public Sector	\$408,000,000	3,250	\$125,500
Non-Profit Community Providers	\$474,000,000	16,750	\$29,200

Now the public sector is probably dealing with clients with more severe issues, so the state would not be able to achieve all these savings by moving completely over to private providers. However, the state could transfer 70% of the current DDS public sector funds over to community providers (\$88,000/client) and still realize a \$125 million per year savings. Add in DSS and DHMAS and the potential for \$200-400 million per year in savings to the taxpayers is real—without lowering the quality of service to our state's neediest citizens.

However, there is a difficult side to this bill. In order to achieve these savings, we would have to eliminate state positions—likely in the thousands of people. While attrition and retirements may take care of a significant portion of this, the full implementation of this bill will likely require layoffs. However, the state can make provisions to cushion this blow. The community providers will no doubt be hiring to deal with the additional caseload. We could make it a provision of the law that anyone laid off because of this bill would get first priority in hiring in our community providers.

Finally, there is one final obstacle to be overcome in this bill. Not all of the state is covered by a strong community provider network. While most urban and suburban areas of the state already have community providers that could take over much of this work in the next 12-18 months, the more rural areas of our state do not have the same community provider infrastructure. We would need to take a phased-in approach to this proposal, with some geographic areas moving in 2010 and others in 2011-12. Fortunately, many existing community providers have expressed a willingness to expand to new geographic areas of the state with proper funding.

Community providers are a win/win for our state's neediest citizens and our taxpayers. We can provide excellent social services at a savings of 30-40%. In today's fiscal crisis, we cannot afford to miss this opportunity. While there are obstacles to be overcome, I believe they are addressable. I encourage the committee to draft and pass SB #346.